

Meeting with Mr. Fuchs

Monday, 29 June, 11 a.m.

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19 June 1964

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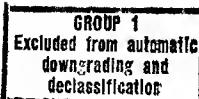
Colonel White via Mr. Lloyd.

The attached papers deal with safeguarding confidential funds in response to your request as well as Action Memo 386. Essentially, this seems to say we are satisfied with the procedures and controls governing Finance Officers; that the major problems and potential problems rest with other custodians; and that we should intensify the medical, supervisory, and security controls over custodians after they have become custodians. I find nothing here about improving the methods of selecting Finance Officers for responsible positions of custodianship. It seems to me we should have a procedure for a particularly intense review of the personnel, security and medical records of Finance Officers in the selection process conceivably to include a special polygraph and psychiatric evaluation. In the case of people who become custodians by virtue of the position to which they are appointed (Chiefs of Station and Base), I should think some equivalent ^{PROCEDURE} ~~position~~ would be desirable. While it might not be practical to control the assignments of these people, we might at least be able to flag those who will bear watching.

In any case, I think you will want to read through this whole package.

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18 JUN 1964

MEMORANDUM FOR: Deputy Director for Support

SUBJECT : Safeguarding Confidential Funds

REFERENCES : (a) Executive Director's Action Memorandum A-386, dated 25 May 1964
(b) Deputy Director for Support Memorandum to Director of Finance, dated 1 June 1964,
Subject: Office of Finance

1. Reference (a) requested that a review be made of present Agency procedures for authorizing access to confidential funds and advice concerning additional safeguards which should be instituted. Reference (b) also primarily addressed itself to additional safeguards which might be effected relating to confidential funds.

2. The attached memorandum, therefore, has been limited to the problem of safeguarding confidential funds and omits specific discussion of controls over vouchered funds available to the Agency. To the extent applicable, however, the additional safeguards, checks, and balances adopted for application to custodians of confidential funds would also be applied to custodians of vouchered funds.

3. Certain additional safeguards for application to the control of confidential funds are offered for consideration in paragraph 7 of the attached memorandum. The attached paper contains proposals for your consideration rather than recommendations for final action, because I have reservations concerning the propriety or method of adopting certain of these proposals and would like an opportunity of discussing them with you in more detail before a final decision is made. Please also note the reservations expressed by Mr. Echols in his memo dated 18 June 1964, attached as TAB-C of the basic paper.



R. H. FUCHS
Director of Finance

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Attachment

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A
CLASSIFICATION

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DD/S 64-2980

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D D / S R E G I S T R Y
F I L E - *Accounting*

1 JUN 1964

MEMORANDUM FOR: Director of Finance

SUBJECT : Office of Finance

REFERENCE : Action Memo No. A-386 dtd 25 May 64 to DD/S fr
Ex. Dir.-Compt., same subject

1. This memorandum will confirm my oral instructions of 28 May.
2. I should like to have you consult with the Director of Security; the Chief, Medical Staff; and the Director of Personnel and submit to me your recommendations for the special consideration, evaluation, and selection of Office of Finance employees who are to be the custodians of official funds or who, because of their positions, are to be imposed with considerable trust and confidence.
3. Insofar as Finance careerists are concerned, I should also appreciate your recommendations as to how best to communicate to all such personnel that gambling in any form whatever by employees who have control over considerable amounts of cash will not be tolerated.
4. I realize that there are many employees other than Finance Officers who have access to confidential funds and that probably we are most vulnerable in the area of proprietary projects. While it may not be possible to finalize action in response to Action Memorandum No. A-386 by 15 June, I should like to make at least an interim report by that date stating positively what we propose to do with regard to employees and activities under the control of the DD/S even though we may not be able to submit recommendations on what action should be taken with regard to all other Agency employees who have access to confidential funds.

Signed

L. K. White
Deputy Director
for Support

DD/S: LKW:jrf

Distribution:

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64-2918)

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GROUP 1

Excluded from automatic
downgrading and
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(CLASSIFICATION)

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Executive Registry
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OFFICE OF THE DIRECTOR

In reply refer to
Action Memorandum No. A-386

Date 25 May 1964

TO : Deputy Director/Support

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SUBJECT : Office Director of Finance per 26 May

REFERENCE:

1. On several occasions the DCI has expressed considerable irritation over the cases of embezzlement of funds that have come to his attention. He has asked to be assured that all personnel having access to confidential funds are not in financial distress.
2. Would you review our present procedures for authorizing access to confidential funds and advise me what additional safeguards you believe should be instituted.

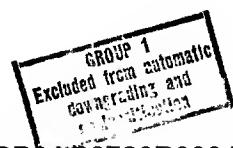
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Wyman B. Kirkpatrick
Executive Director

DD/S Distribution:
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1 - D/Finance (26 May 63)

SUSPENSE DATE:

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Office of Finance

FROM:

Deputy Director for Support 7 D 26 HQ

EXTENSION

NO.

DATE

1 JUL 1964

25X1

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

RECEIVED FORWARDER

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. Inspector General
7 D 49 HQ

2.

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Jack:

I think that the attached memorandum, the original of which was sent to Bob Fuchs, is self-explanatory. I have decided to hold up publication of proposed Headquarters Notice [redacted] until we have probed this matter a little more deeply.

Signed

LKW

3 Atts:

Att 1: Memo dtd 1 June 64 to I/F
fr DD/S, same subject

Att 2: Action Memo No. A-381
td 25 May 64 to DD/S
fr Ex. Dir.-Compt.,
same subject

Att 3: IG background

DD/S:LKW:jrf

Distribution:

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1 - DD/S subject w/Atts 1 & 2

1 - DD/S chrono

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